

## Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 EA-07 ISO-00 INT-05 SP-02 AID-05 EB-07

NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

COME-00 ACDA-05 SAJ-01 CIAE-00 DODE-00 INR-07 NSAE-00

PA-01 USIA-06 PRS-01 IGA-02 /099 W

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R 121356Z JAN 76

FM AMEMBASSY SANA

TO SECSTATE WASHDC 7108

INFO AMEMBASSY CAIRO

AMEMBASSY JIDDA

AMEMBASSY MOSCOW

AMEMBASSY SEOUL

AMEMBASSY TOKYO

C O N F I D E N T I A L SANA 0107

E.O. 11652: GDS

TAGS: ETRD, EGEN, YE, UR

SUBJECT: RUSSIANS TO PURCHASE YEMENI SALT

1. IN COURSE OF CONVERSATION WITH DEPUTY PRIME MINISTER FOR ECONOMIC AFFAIRS, YAHYA JEGHMAN ON 12 JAN. DCM RAISED QUESTION OF NEXT STEP WHICH YEMEN MIGHT TAKE TO ESTABLISH CLOSER TIES WITH SOUTH KOREA IN ECONOMIC FIELD. HE URGED JEGHMAN TO FOLLOW THROUGH ON YEMENI AGREEMENT TO SEND HIGH RANKING DELEGATION TO SEOUL, POINTING THAT ROK OFFER TO BUY 50,000 TONS OF YEMEN ROCK SALT IN EACH OF NEXT THREE YEARS WAS APPARENTLY ONLY GOOD PROSPECT WHICH YARG HAD OF EXPORTING THIS COMMODITY AND GETTING SOME RETURN ON EXPENSIVE MINING AND EXPORTING FACILITIES WHICH HAVE BEEN DEVELOPED IN YEMEN.

2. JEGHMAN SAID ABRUPTLY RUSSIANS HAVE OFFERED BUY ONE MILLION RPT ONE MILLION TONS A YEAR. SAID RUSSIANS OFFERED TO PAY FOR 3/4 OF THAT AMOUNT AND WANTED VALUE  
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OF FINAL 250,000 TONS TO BE USED TO REDUCE YEMEN'S DEBT

TO SOVIET UNION. TAKEN BACK, AND MORE THAN A LITTLE INCREDULOUS, DCM URGED YEMENIS TO ACCEPT RUSSIAN OFFER.

3. JEGHMAN SAID OFFER HAS BEEN REJECTED. LAUGHING, HE SAID "WE DO NOT WANT TO PAY OUR DEBT TO THE SOVIET UNION". HE WENT ON TO SAY YEMEN SEEKS UNTIED PAYMENT OF ALL EXPORTS OF SALT. IN RESPONSE TO QUERY HE SAID RUSSIANS DID NOT SPECIFY HOW THEY WOULD PAY FOR PART OF SALT THEY OFFERED TO PURCHASE--I.E. PAYMENT IN RUBLES, DOLLARS OR CREDITS--BUT YEMENIS PREFERRED TO FOLLOW APPROACH ADOPTED EARLIER, THAT IS, TO SELL SALT IN INTERNATIONAL MARKETS TO CUSTOMERS LIKE ROK, JAPAN AND OTHERS.

4. JAGHMAN SAID RUSSIANS OFFERED TO PURCHASE SALT AT "INTERNATIONAL PRICES", WHICH HAD NOT BEEN SPECIFIED IN RUSSIAN OFFER. CRUCIAL DETAILS LIKE THIS SAID JEGHMAN WOULD HAVE TO BE WORKED OUT BEFORE ANY RUSSIAN DEAL WOULD GO AHEAD. WHILE YEMENIS HAVE REJECTED INITIAL RUSSIAN SUGGESTION, WHICH FIRST BROACHED ONE MONTH AGO, MATTER WAS NOT RPT NOT DEAD AND YEMENIS INTENDED TO PROCEED IN LIGHT OF WHAT HAPPENED WITH OTHER EFFORTS THEY ARE MAKING TO SELL SALT INTERNATIONALLY.

5. COMMENT: IF THIS STORY IS TRUE, RUSSIANS HAVE IN EFFECT MADE OFFER WHICH WORTH BETWEEN 3 AND 7 MILLION DOLLARS A YEAR TO YEMEN AND WHICH WOULD TAKE ALMOST ALL YEMEN'S EXPORT CAPACITY. AS THIS COST IS FOB, RUSSIANS WOULD ALSO HAVE TO BEAR FREIGHT COSTS AND COST TO THEM WOULD RISE QUITE CONSIDERABLY. APART FROM ECONOMICS OF OFFER, RUSSIANS MOVE WOULD BE VERY SHREWD ONE, DWARFING HOPES YEMENIS HAD TO SELL SALT TO JAPAN AND SOUTH KOREA. FURTHER POLITICAL IMPLICATIONS WOULD BE TIE YEMENI EXPORT INDUSTRY TO RUSSIAN TRADE AND DEBT LIQUIDATION AT TIME WHEN YEMEN GOVERNMENT OBVIOUSLY CONSIDERING POLITICAL RE-ORIENTATION IN ECONOMIC, POLITICAL AND MILITARY FIELDS. THIS MOVE ON PART OF RUSSIANS COULD HAVE BEEN TAKEN AT SAME TIME AS VERY GENEROUS RUSSIAN MILITARY OFFER TO YARG AND AS ANOTHER

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TELLING INDICATION THEIR RELUCTANCE TO GIVE UP THE POSITION THEY HAVE ESTABLISHED IN LAST 15 YEARS IN REPUBLICA YEMEN. IT IS ALSO MEASURE OF SERIOUSNESS WITH WHICH THEY VIEW THREAT TO THIS POSITION FROM SAUDIS AND OTHER MODERATE ARABS IN LEAGUE WITH USG AND OTHER WESTERN POWERS.

6. WE WILL ATTEMPT TO CONFIRM AND GET MORE INFORMATION ABOUT THIS OFFER. WE ARE DOUBTFUL. WE PREPARED BELIEVE THAT RUSSIANS WOULD HAVE NO PROBLEM DISTRIBUTING TO RUSSIAN PEOPLE OR RUSSIAN FRIENDS SALT WITH MERCURY CONTENT. BUT ONE MILLION TONS A YEAR IS A LOT OF SALT.  
SCOTES

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SALES, ROCK SALT, DEBT REPAYMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 JAN 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** coburnhl  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976SANA00107  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D760010-0845  
**From:** SANA  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Legacy Key:** link1976/newtext/t19760165/aaaacgia.tel  
**Line Count:** 122  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION NEA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** coburnhl  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 06 MAY 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <06 MAY 2004 by BoyleJA>; APPROVED <31 AUG 2004 by coburnhl>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** RUSSIANS TO PURCHASE YEMENI SALT  
**TAGS:** ETRD, EGEN, YE, UR, KS, (JEGHMAN, YAHYA)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006